

## **Assembly Bill No. 224**

### **CHAPTER 315**

An act to amend Section 9321 of the Commercial Code, relating to business, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 11, 2009. Filed with  
Secretary of State October 11, 2009.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 224, Portantino. Business.

Until January 1, 2010, existing law provides that a licensee in ordinary course of business, as defined, takes its rights under a nonexclusive license free of a security interest in the intangible created by the licensor and takes its leasehold interest free of a security interest in the goods created by the lessor, as specified.

This bill would extend the operation of that provision to January 1, 2013.

This bill would declare that it is to take effect immediately as an urgency statute.

*The people of the State of California do enact as follows:*

SECTION 1. Section 9321 of the Commercial Code, as amended by Section 15 of Chapter 567 of the Statutes of 2006, is amended to read:

9321. (a) In this section, "licensee in ordinary course of business" means a person that becomes a licensee of a general intangible in good faith, without knowledge that the license violates the rights of another person in the general intangible, and in the ordinary course from a person in the business of licensing general intangibles of that kind. A person becomes a licensee in the ordinary course if the license to the person comports with the usual or customary practices in the kind of business in which the licensor is engaged or with the licensor's own usual or customary practices.

(b) A licensee in ordinary course of business takes its rights under a nonexclusive license free of a security interest in the general intangible created by the licensor, even if the security interest is perfected and the licensee knows of its existence.

(c) A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created by the lessor, even if the security interest is perfected and the lessee knows of its existence.

(d) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 2. Section 9321 of the Commercial Code, as amended by Section 16 of Chapter 567 of the Statutes of 2006, is amended to read:

9321. (a) A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created by the lessor, even if the security interest is perfected and the lessee knows of its existence.

(b) This section shall become operative on January 1, 2013.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to avoid the repeal of existing law that is necessary to ensure economic stability and continuity for purposes of contract interpretation, it is necessary that this act take effect immediately.